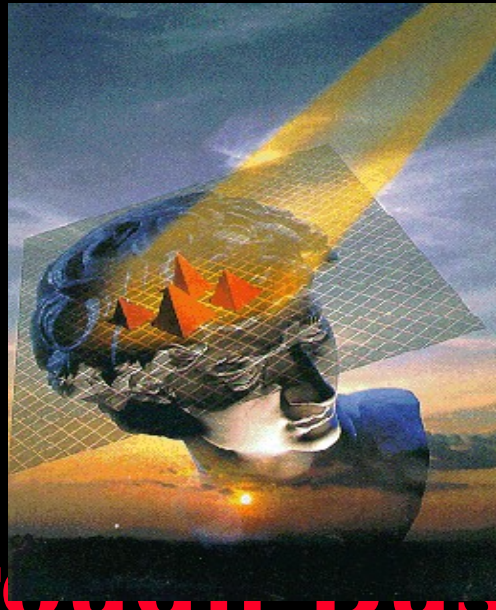


# Best Practice Simulation

Building High Performance Organization



Through Business  
Simulation

# **What is Business Simulation?**

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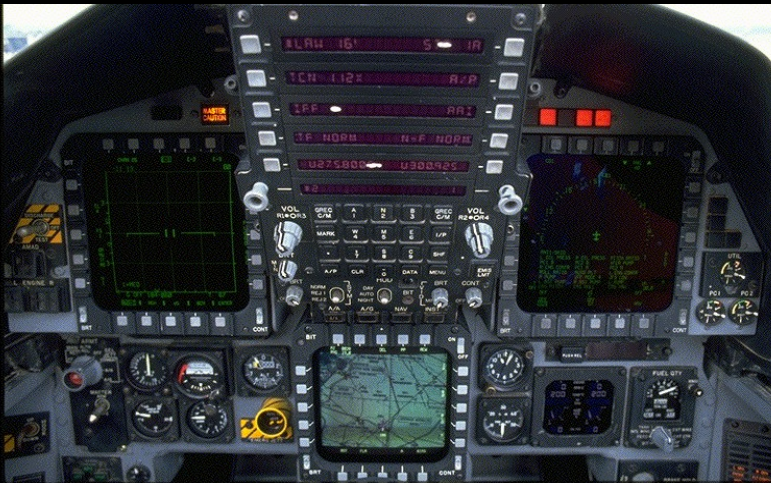
**Learning through interactive  
experience in a simulated  
work environment.**

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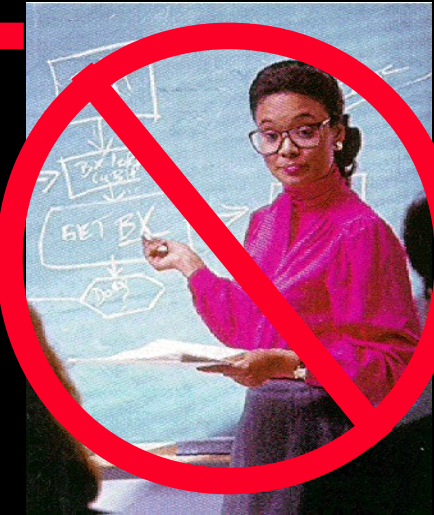
# Best Practice Simulation

- **Flight simulators - pilots learn to fly by completing simulated missions**
- **Best practice simulators - workers learn best practices and processes by achieving simulated business goals**

## Best Practice Simulator



## Traditional Classroom

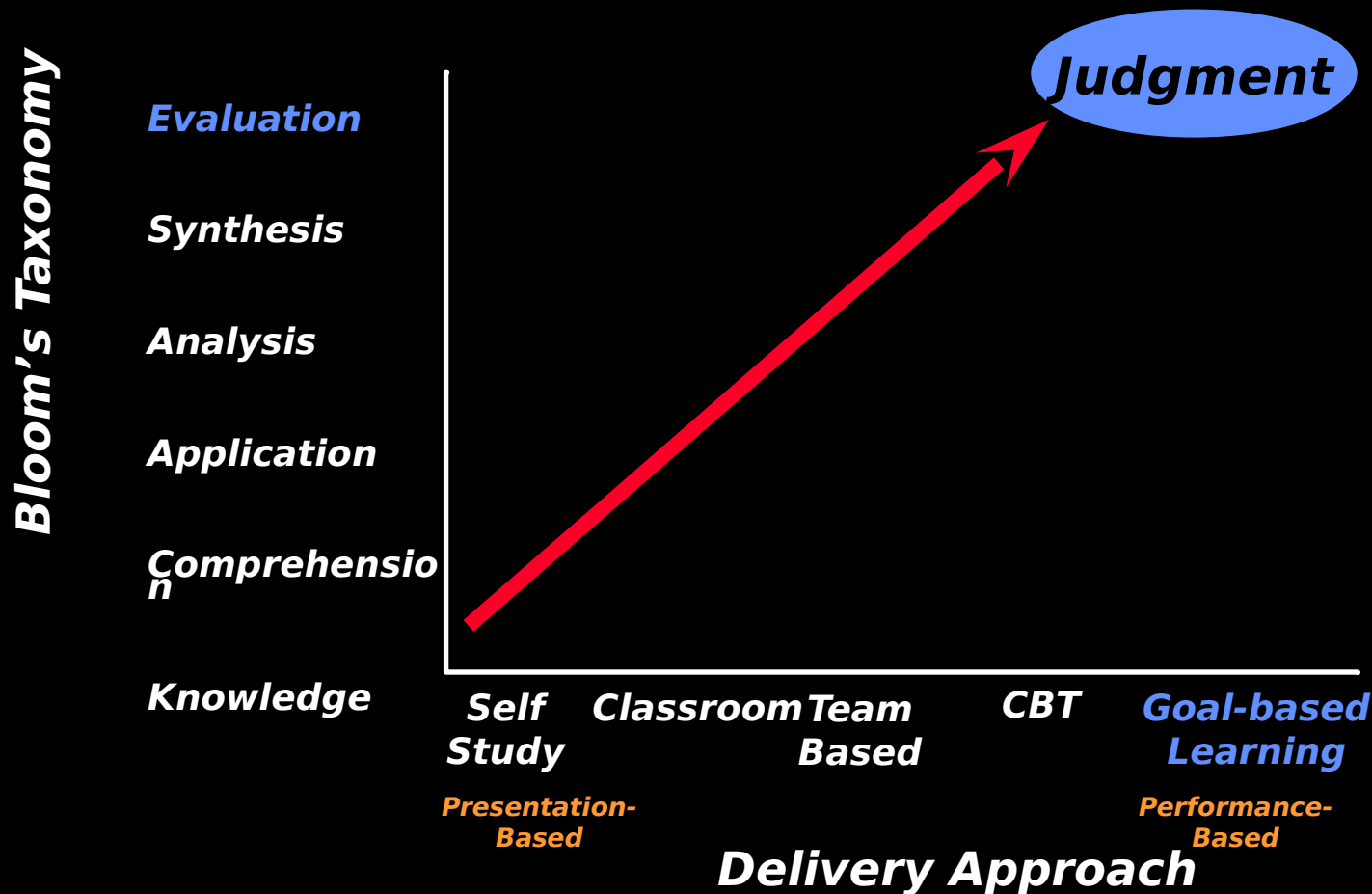


## Common objectives:

- High levels of performance
- High levels of retention
- “Hard” and “soft” skills
- Learning looks and feels like work
- Learning through low-risk failure
- Employs computerized technology and goal-based

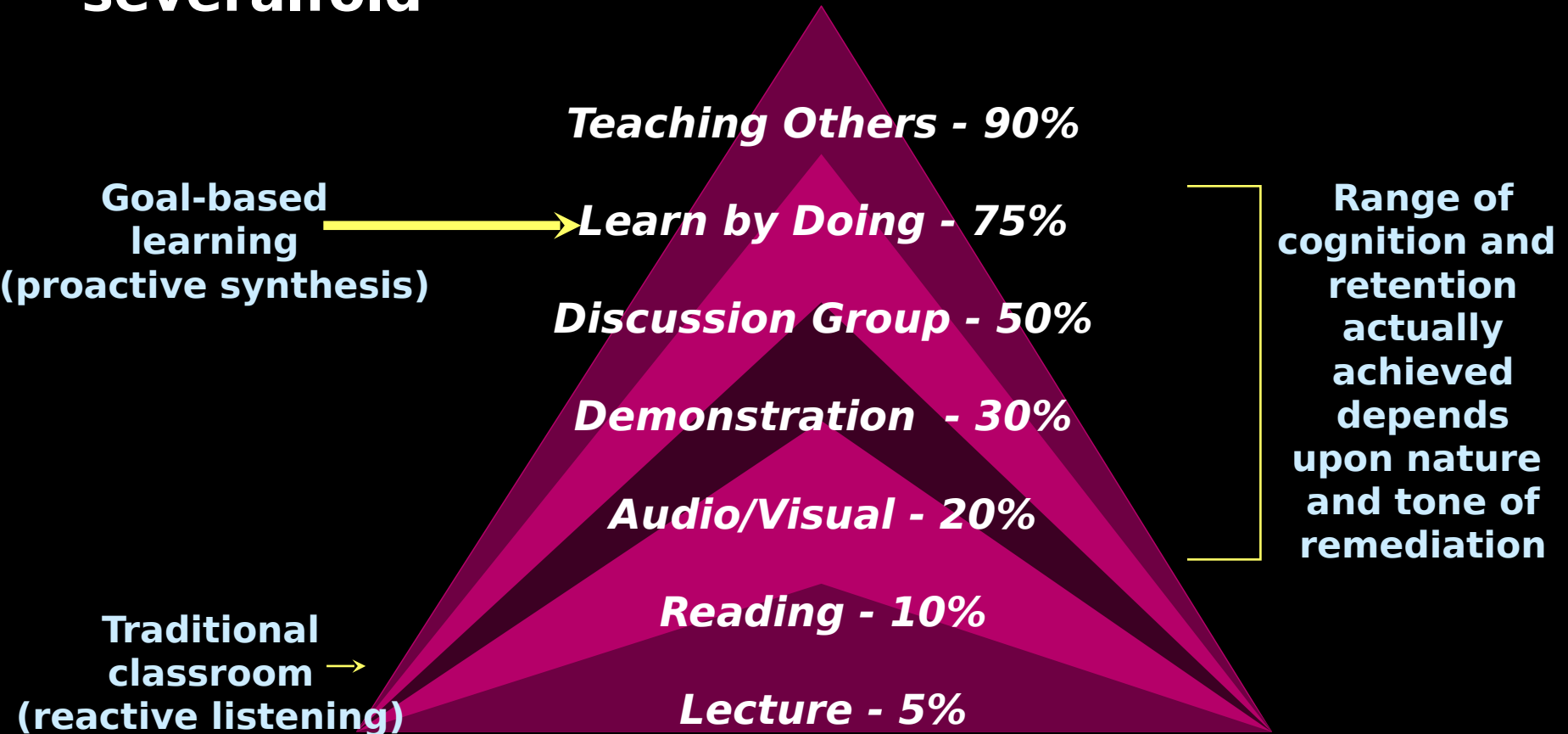
# BPS = Higher Cognition . . .

Develops high-level cognitive skills



# And Higher Retention

**Adult retention increased  
severalfold**



**Source:** *National Training Laboratory*

# The GE Experience



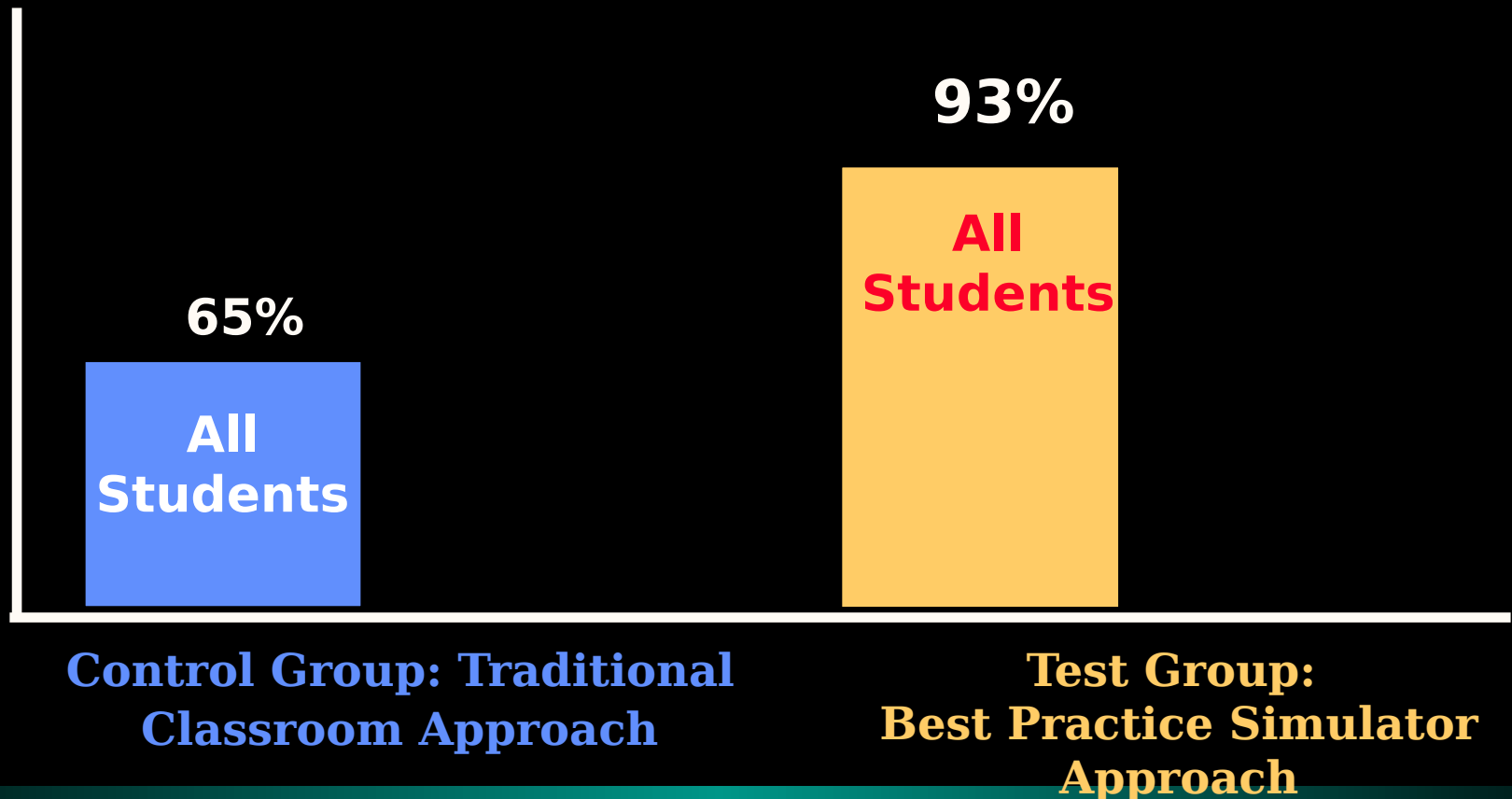
**CFO's challenge: "[...finance professionals need] to become of productivity rather than just gauges measuring it."**

- **Cultural cues - serious, demanding, focused, delivering value, diversity**
- **Emphasis on teaming, leveraging other functions**
- **Getting finance people in the game early as business partners with their functional peers**
- **Responsible for driving positive change**
- **Building confidence and trust in teammates**
- **Focus on the customer and customer values**
- **Build a global, dominant "services company with products businesses" (i.e. " #1 or 2 or**

# The GE Experience (cont'd)



## GE Financial Management Program (FMP) - Average Comparative Test Scores (Semester 1)

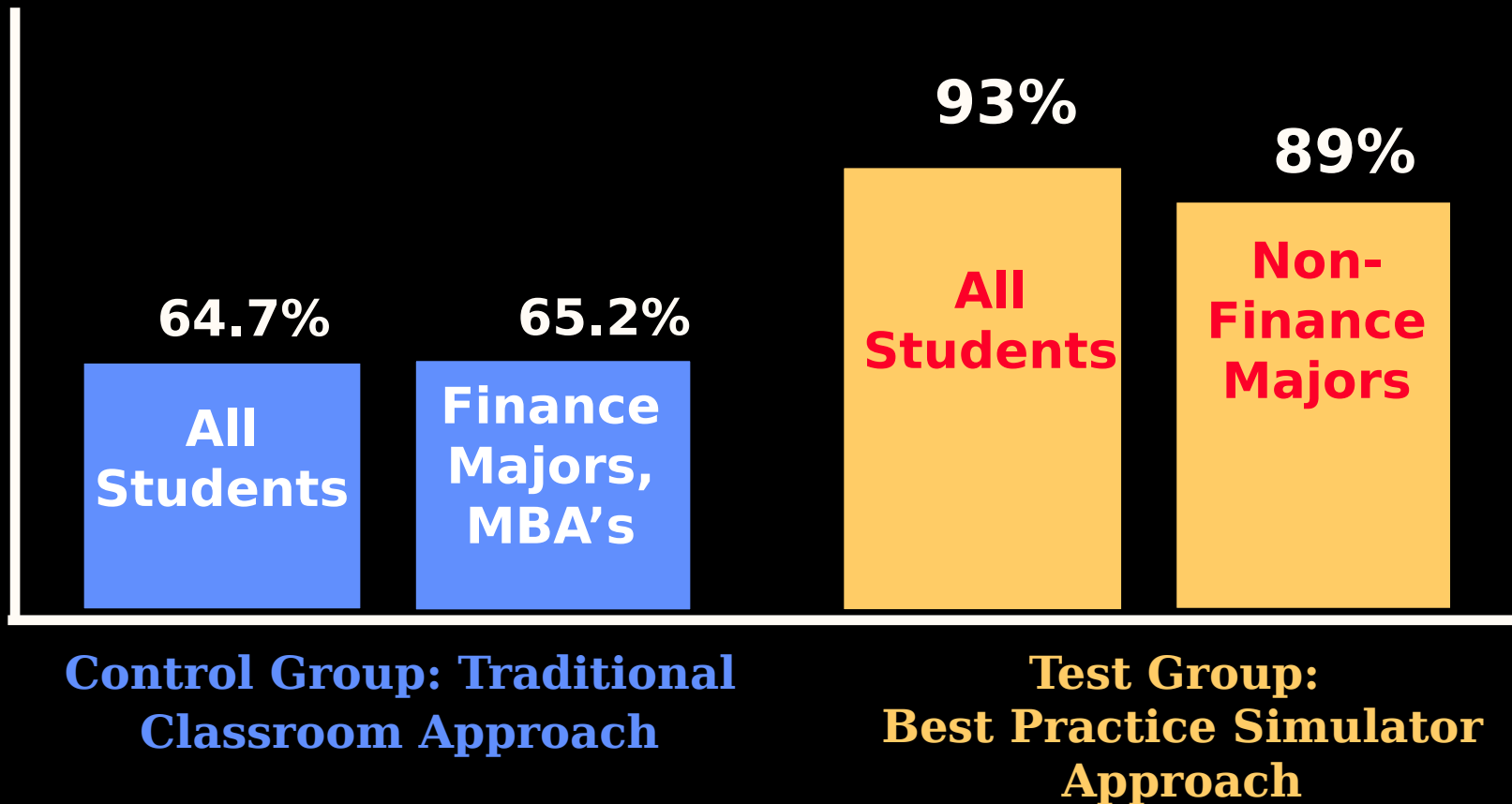




# The GE Experience (cont'd)



## GE Financial Management Program (FMP) - Average Comparative Test Scores (Semester 1)



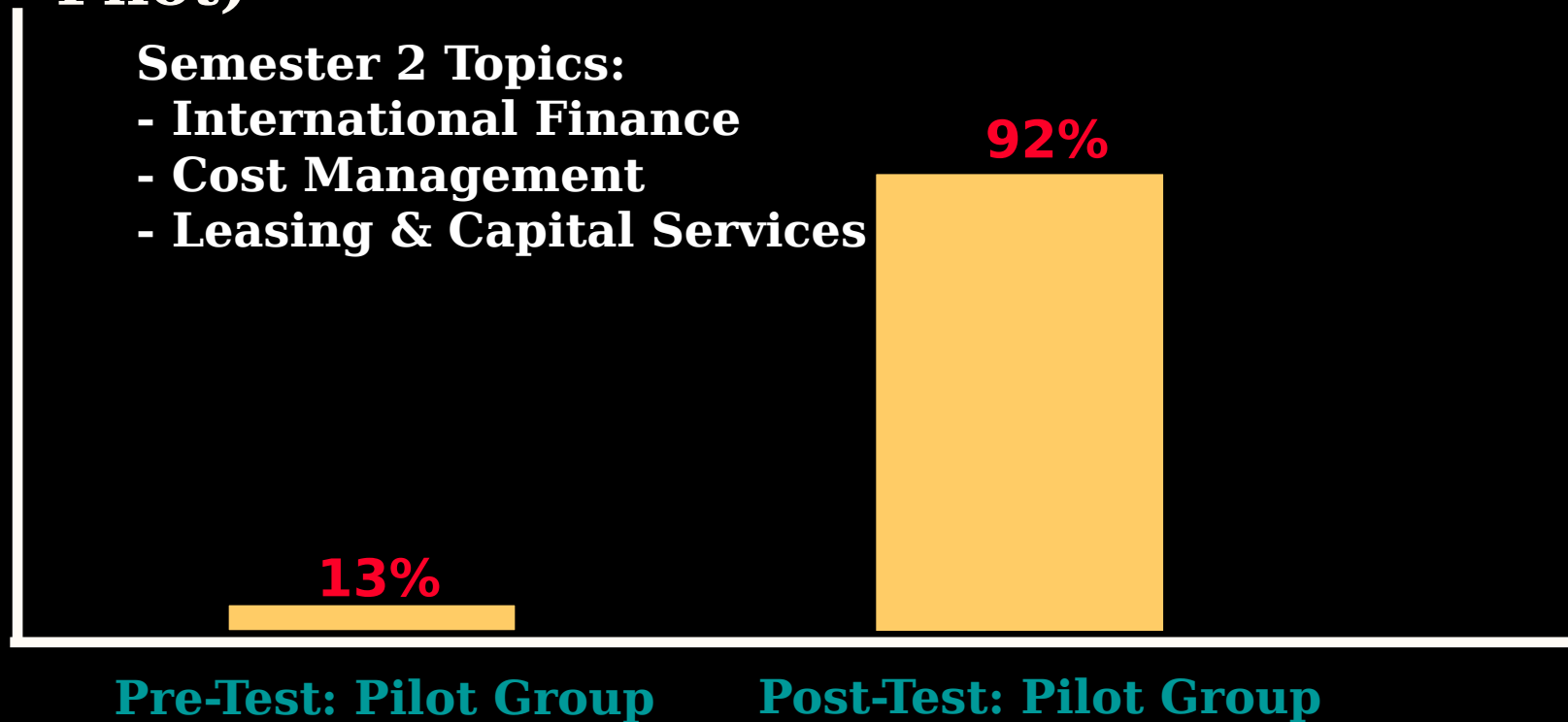
# The GE Experience (cont'd)



## GE Financial Management Program (FMP) - Average Comparative Test Scores (Semester 2 Pilot)

**Semester 2 Topics:**

- International Finance
- Cost Management
- Leasing & Capital Services



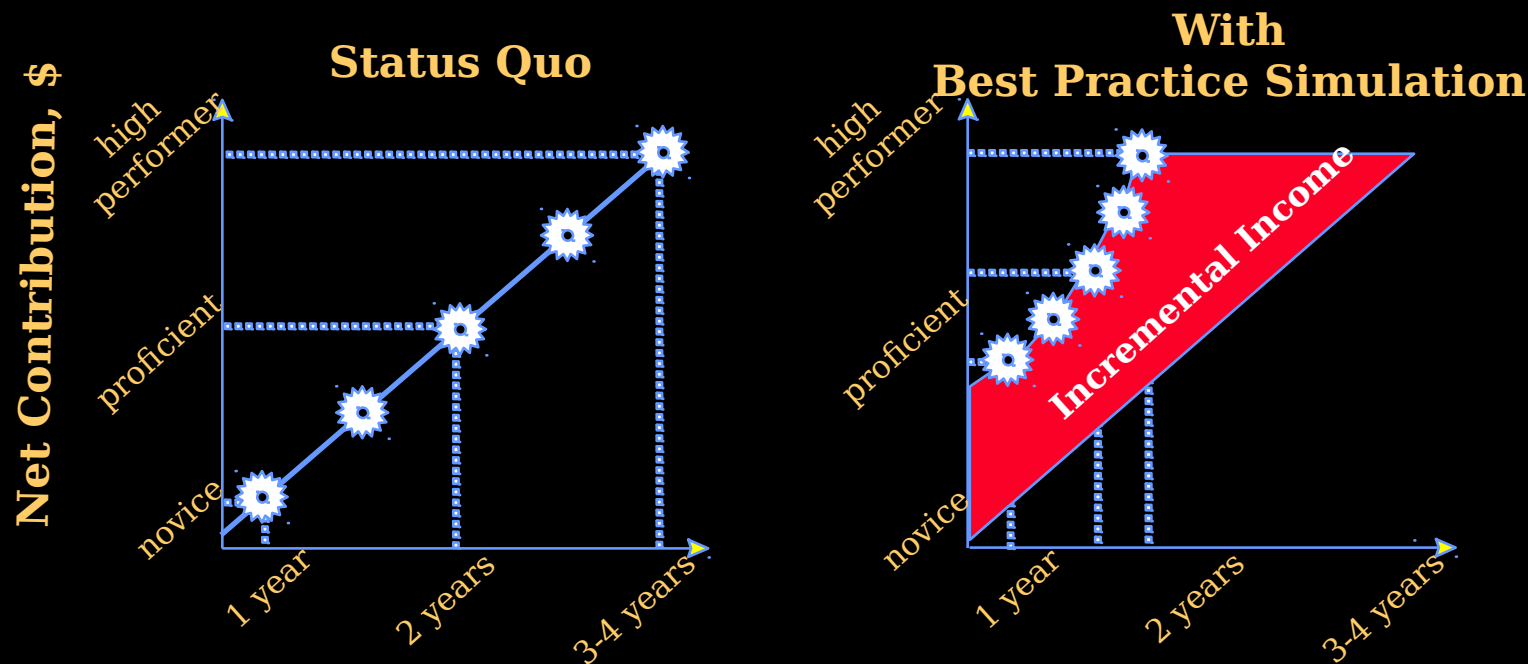
# Benefits of Business Simulation

**Novice learners after 100 contact hours in finance and accounting can easily best two-year MBA's with 2,500 contact hours in the same topics. What's going on here?**

- Only 700 contact hours of the MBA are 'apples to apples'
- Content delivered within context (relevance)
- Proactive engagement vs. reactive listening (focus)
- Learning looks like work (application of principles)
- Learning through risk-free failure (positive reinforcement)

# Benefits of Business Simulation

**Time-to-competency reductions of 50% raise work force and dramatically increase the company's internal 'clock' and ability to rapidly embrace and deploy major change.**



# **Benefits of Business Simulation**

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**Best Practice Simulation**



**High Cognition**



**Deep Insight and Understanding (Judgment)**



**Self-Confidence and True Empowerment**



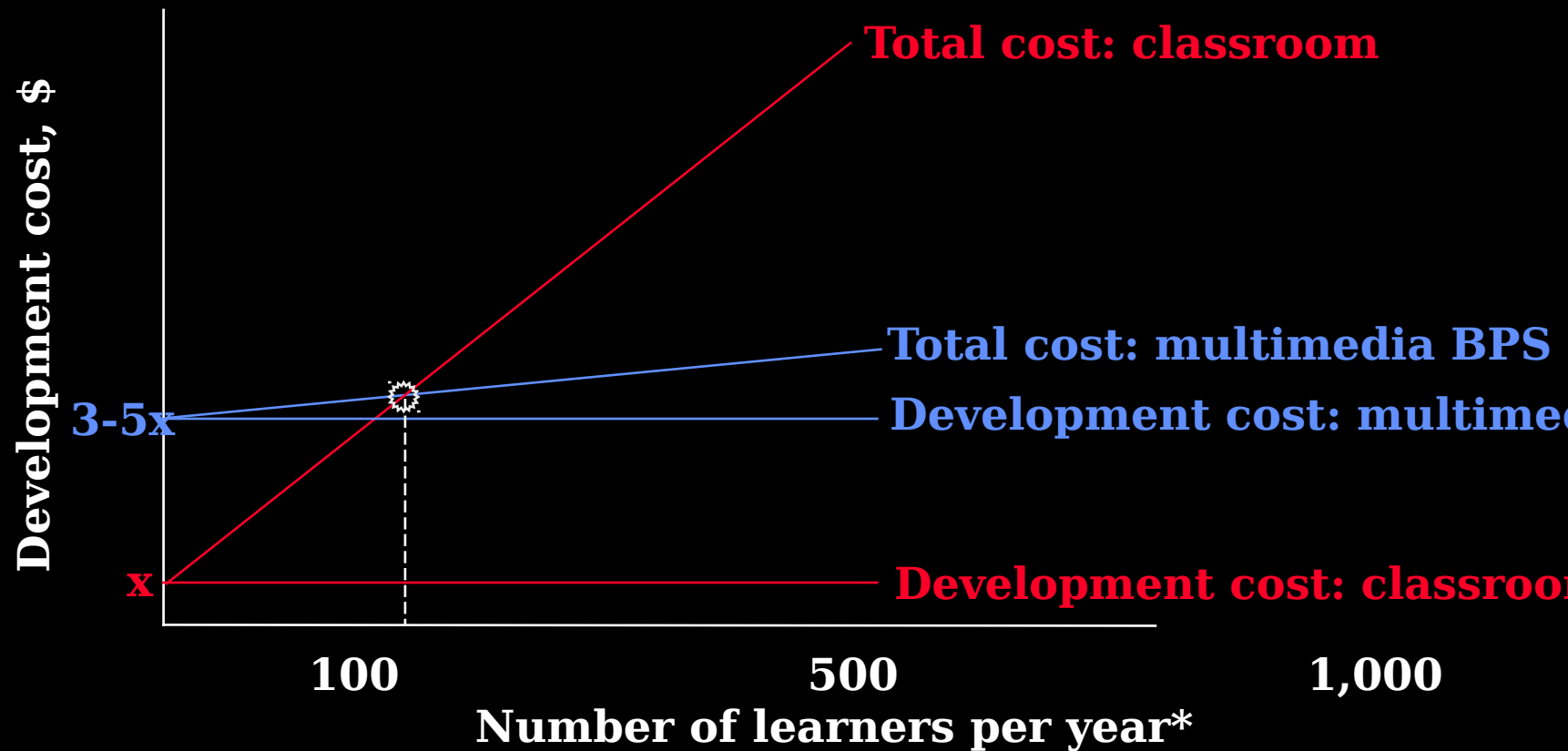
**Positive Values, Attitudes, Norms and Behaviors**



**Highly Flexible, Responsible and Proactive Employees**

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# Benefits of Business Simulation



\* - assumes four year useful life of application

# **Benefits of Business Simulation**

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**Substantially lower cost per seat-hour**  
+  
**Delivery in 25-40% of the seat-hours**  
+  
**Higher cognition and retention**  
+  
**Focus on building competency**  
+  
**Point of need delivery...anytime, anywhere**  
=  
**Faster/better/cheaper**

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# The Value Proposition

**Best Practice Simulation can add significant value at all levels: the business leader; the knowledge worker; and the transaction worker.**



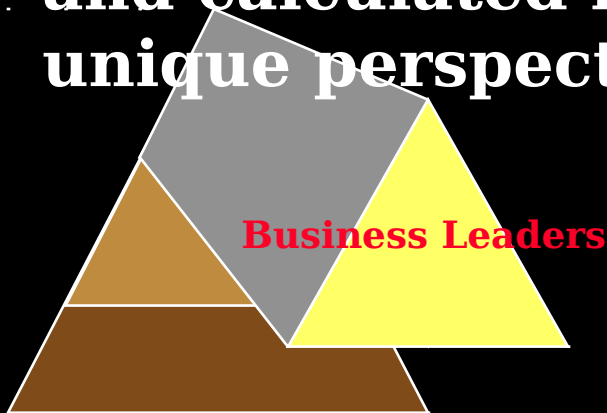
- **Leadership Decision Making and Judgement Skills**
- **Business Process Competency Skills**
- **Transaction-level Competency Skills**



# Business Leaders

**There is a key need to clarify links between the application of leadership behavior and the achievement of strategic goals, success of change programs and the creation of shareholder value.**

**Leaders need to develop the ability to look at problems in new ways, inspiring creativity and calculated risk taking, developing unique perspectives for**



## **Credentials**

- ♦ GE Company
- ♦ Pratt & Whitney

# GE At-A-Glance



## **Description:**

**Andersen Consulting partnered with GE Corporate to implement a multimedia based training program as part of their Financial Management Program (FMP) for professional financial training.**

## **GE's Objectives:**

- **Improve customer focus and reduce costs via a learning organization.**
- **Enter new markets quickly and effectively.**
- **Integrate Finance as a value-added consultancy to the business.**
- **Enable globalization of the workforce.**

## **Outcomes:**

- **Reduced training time by 50%.**
- **Improved retention rate, performance and “final exam” scores.**
- **Less than 2 year payback on investment.**

# Pratt & Whitney At-A-Glance



## **Description:**

**The Business Decision Making (BDM) course is a training and development initiative designed to help Pratt & Whitney drive change in the organization and reinforce its vision of creating “world-class” business leaders.**

## **P&W's Objective:**

**Better decision making through Finance and Program Management skills.**

## **Outcome:**

- Reduction in time to break even by 1/3 on capital projects over \$1 billion.**
- Trained over 4000 executives and managers in all divisions.**

## **Effort:**

# P&W Business Simulation Program



**Plan**

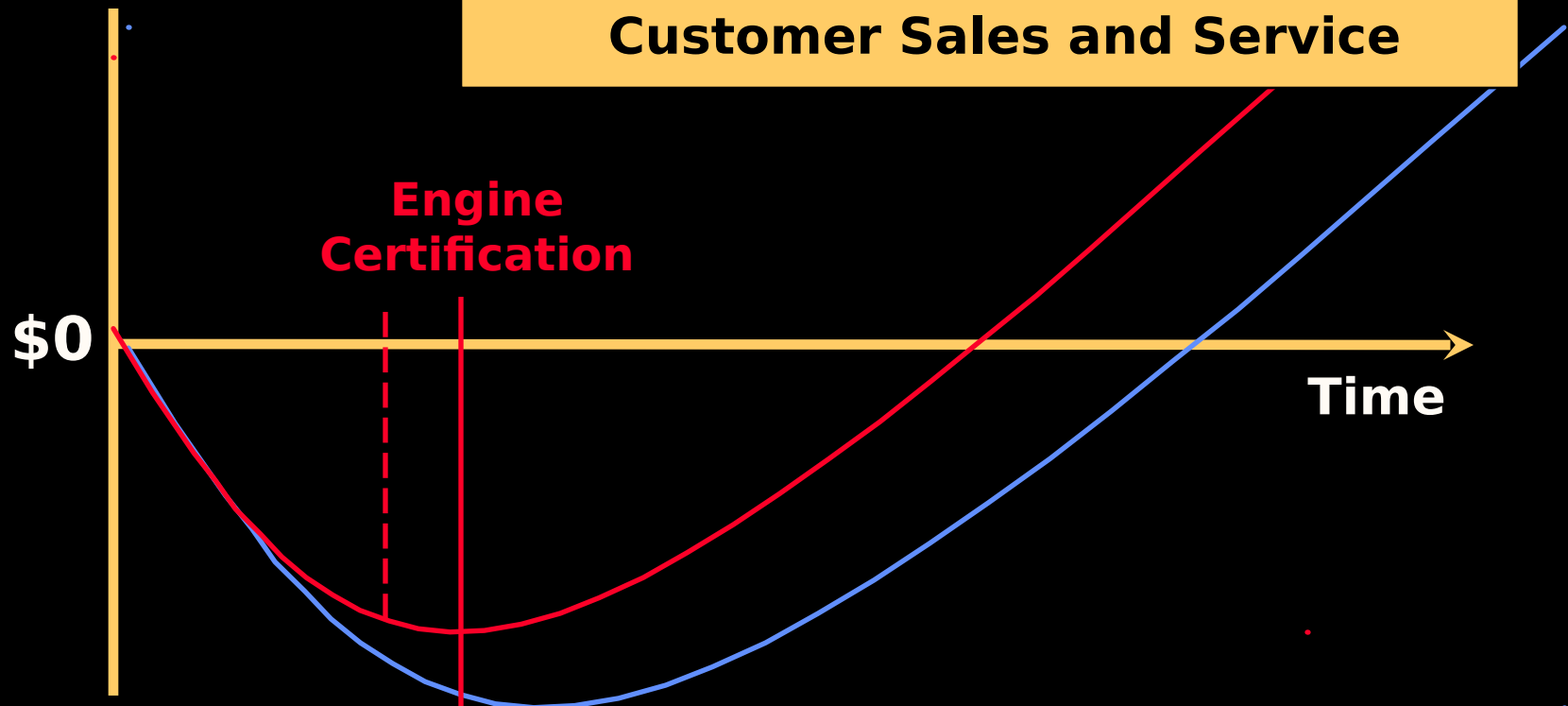
**Manage**

**Invest**

**IPD**

**Lean Manufacturing / Supply Chain**

**Customer Sales and Service**



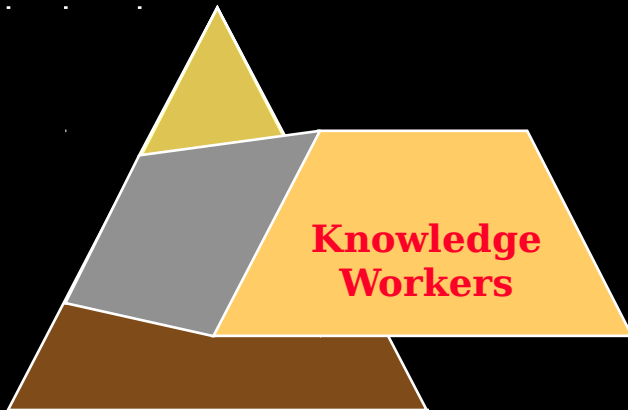
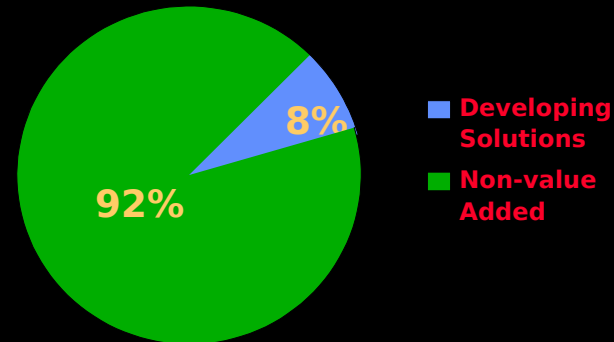
# Knowledge Workers

Although the knowledge worker is often praised as one of the most valuable assets to a company, statistics show they are only 8% productive.

92% Providing Support

- Meetings and Approvals
- Telephone Follow-Up
- Reviews
- Analysis
- Revisions

8% Developing Solutions



## Credentials

- ♦ British Telecom
- ♦ BellSouth

# British Telecom At-A-Glance

## **Description:**

**The BT Delivering Product Value Programme is focused on improving the skills and capabilities of BT Corporate Clients and New Products salesforce in order to improve business performance.**

## **BT's Objective:**

**Perform a Training Needs Analysis that will include a business diagnosis, conceptual design and prototype for a technology-based business simulation.**

## **Outcomes:**

- Identified barriers to facing BT challenges.**
- Approach to build skills and capabilities.**
- Agreement on Phase II (Design, Build & Pilot) programme.**

## **Effort:**

**~ 100 AC FTEs for Phase I**

# Improving New Product Sales

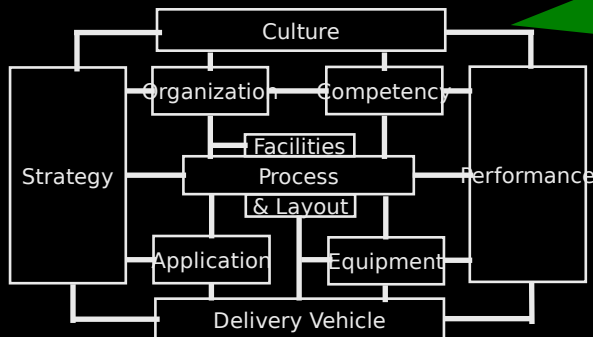
A new “learning” intervention of itself will not be enough to improve sales performance. This program must also address other barriers to behavior & performance change.

## *Changing Behaviors*

### “As is”

Where are we now ?

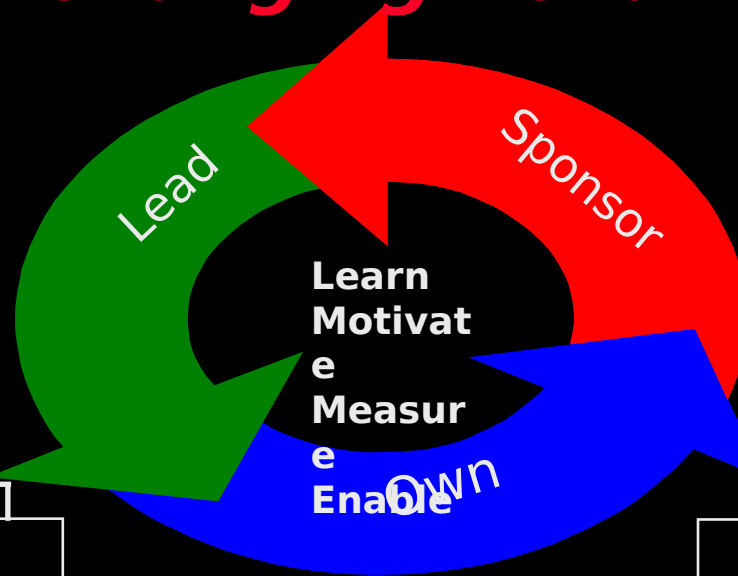
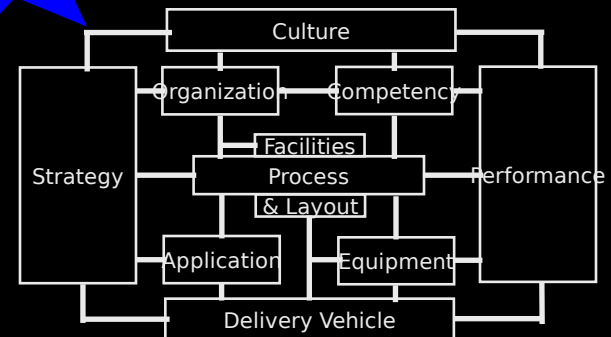
- Characteristics
- Performance



### “To be”

Where we want to be?

- Improved sales
- Improved ‘consultancy’ capability
- Reduced time to market



# BellSouth At-A-Glance

## **Description:**

**Andersen Consulting partnered with BellSouth Cellular to implement a new highly interactive goal based training and performance support program.**

## **BellSouth's Objectives:**

- **Improve technology and invest in people to maintain a competitive edge in the marketplace.**
- **Convert existing instructor-led management courses to a multimedia Intranet based format.**
- **Create a employee performance support program.**

## **Outcomes:**

- **Improved timeliness of training delivery and on the job support.**
- **Increased effectiveness of training modules.**
- **Increased accuracy of training due to almost immediate updates to modules via the network.**



# BellSouth Value Proposition

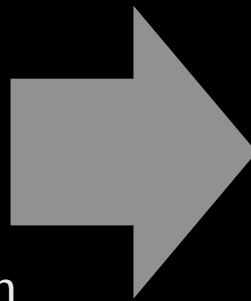
## Financial Benefits

### Quantitative Value

- Cost reduction
- Reduced time to competency
- Quality improvement

### Qualitative Value

- Employee satisfaction
- Best practices
- Soft skills
- Critical thinking skills
- Discrete technical skills
- Culture change



### Direct to bottom line

- ♦ Increases productivity
- ♦ Reduces training time & costs
- ♦ Decreases cost of errors (reduces repeat calls)

### Indirect to bottom line

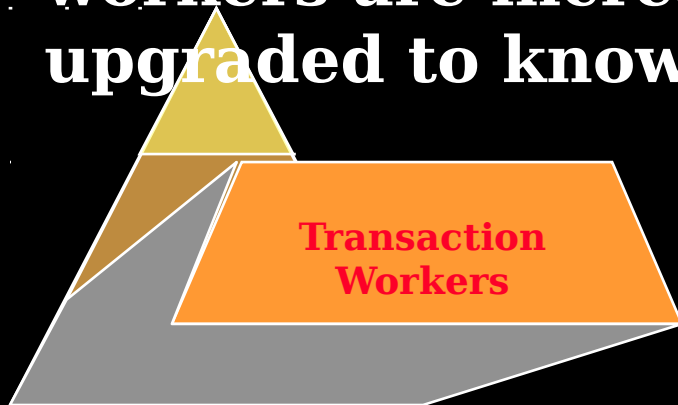
- ♦ Converts institutional memory into structured assets
- ♦ Increases employee satisfaction
- ♦ Improves practice/process standardization
- ♦ Drives shift to new

# Transaction Workers

**Transaction workers are increasingly required to make judgment decisions that reflect the organization's values and strategy.**

**Business simulation offers the opportunity to practice transaction processing and decision making safely.**

**Interestingly, the tasks of transaction workers are increasingly either automated or upgraded to knowledge**



## **Credentials**

- ♦ Pepsi Co
- ♦ McDonald's

# PepsiCo At-A-Glance



## **Description:**

**Andersen Consulting partnered with Pepsi to implement a 2 goal-based training simulations -- a General and a Customer Representative Orientation.**

## **Pepsi's Objectives:**

- **Improve customer service.**
- **Provide an overview of Pepsi's products, packaging and channels of distribution.**
- **Consistently and effectively train its staff throughout the U.S.**

## **Outcomes:**

- **\$10.5 million benefit per year.**
- **18% increase in desired in-store behaviors.**
- **11% improvement in customer service ratings.**
- **Reduced sales representative training time from 3 months to 3 weeks.**
- **Significant increase in sales revenue.**

# McDonald's At-A-Glance



## Description:

Andersen Consulting partnered with McDonald's to implement an interactive training program. A game format was developed to allow employees to accumulate points as they worked through 35 customer service scenarios with 550 video interaction sequences.

## McDonald's Objectives:

- Achieve 100% customer satisfaction.
- Reduce the time for new employees to become proficient.

## Outcomes:

- Shorter time to proficiency for employees.
- Reduced training time.
- Due to the size of the workforce (< 1 million people), eliminating a single day from crew training saves \$25 million in costs.
- Staff buy-in to expected customer service processes.
- Increased retention and increased employee pride in their jobs.

# **Business Simulation Experience**

**British Telecom**

**BellSouth**

**Lucent  
Technologies**

**US West**

**Pratt & Whitney**

**GE Company**

**GE Capital**

**Seimens**

**Cisco**

**Pepsi**

**Ericsson**

**JC Penney**

**Carolina Power &  
Light**

**Walgreen's**

**Prudential**

**Fleet Mortgage**

**State Street**

**Target**

**McDonald's**

**Homeside  
Lending**

**Astra Merck**

**Best Buy**

**US Bancorp**

**CIBC**

**Chase Manhattan**

**Ameritech**

**Intel**

# Best Practice Simulator Cost Spectrum

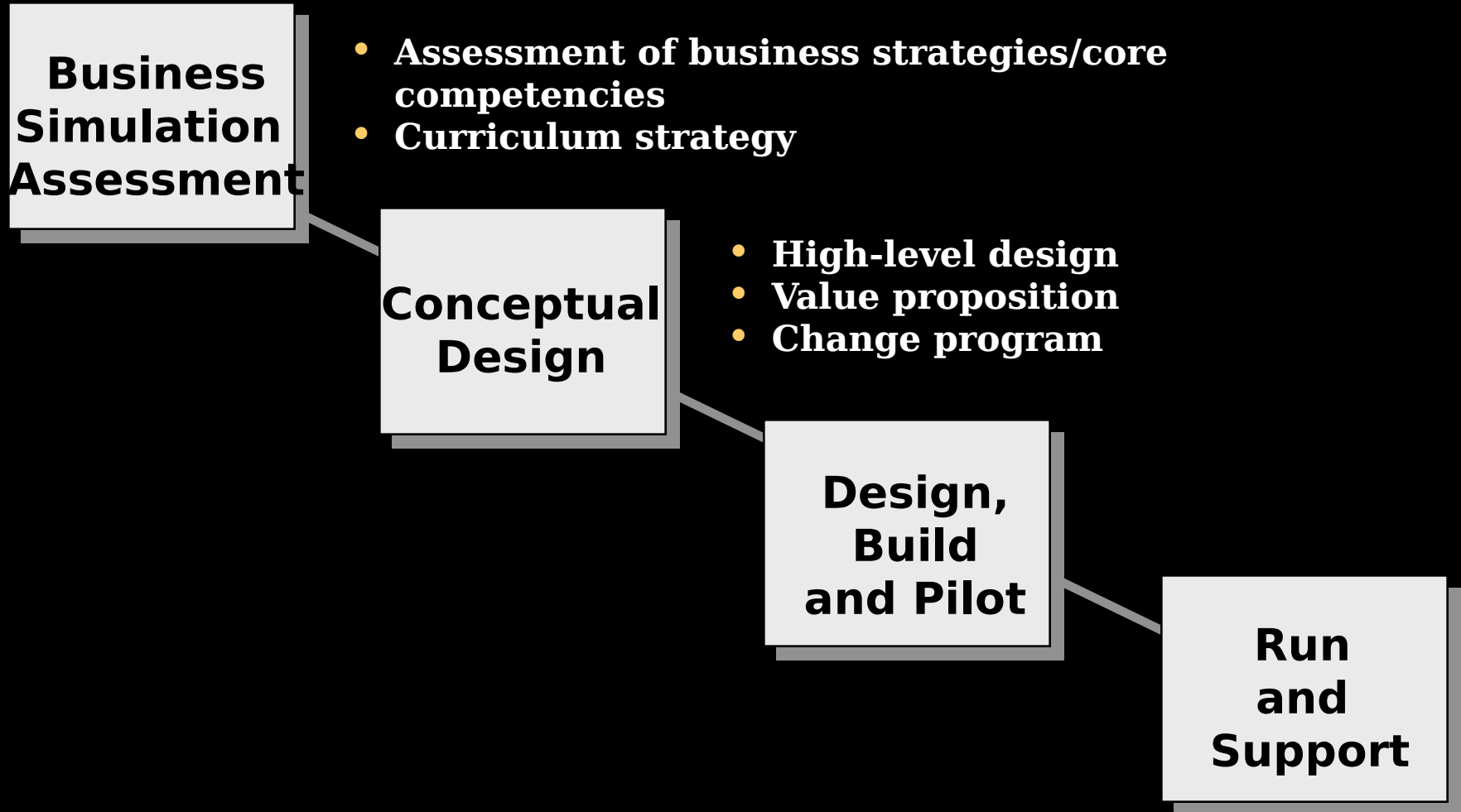
**Cost per seat hour ranges widely depending on number of learners and richness of the application**

<b><u>Cost per Seat Hour (over a 4 year life)</u></b>	<b><u>Best Practice Simulator Application</u></b>
\$2.50	Fast Food Customer Service
\$5 - 50	ACU MBA in Finance and Accounting
\$20	Pepsi Route Sales
\$20	Andersen Consulting Business Process
\$30	Yes! Negotiation
\$90	GE Financial Management Program
\$115	Insurance Brokerage
\$125	GEC Risk Management
\$150	GEC Mergers and Acquisitions
\$500 - 1,500	Aircraft Flight Simulator

**versus**

\$25 -	250	most corporate training p
\$100 -	250	Tier 1/Tier 2 Two-Year ME

# Business Simulation Project Phasing



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**Questions?**

**To Do's**

**Where do we go from here?**

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